

## Message Text

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43

ACTION EB-11

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 RSC-01 TRSE-00

EUR-25 AEC-11 ADP-00 MC-02 RSR-01 /052 W

----- 074479

R 131430Z AUG 73

FM AMCONSUL STUTTGART

TO SECSTATE WASHDC 1816

INFO AMEMBASSY BONN

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

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EXCON FOR COMMERCE

E.O. 11652: N/A

TAGS: ESTC: GW

SUBJECT : MEMORY STAORAGE UNIT

REF: SUTTGART 0648

1. HERR SCHENK OF GERMAN CUSTOMS HAS GIVEN US FOLLOWING  
STATUS REPORT:

A. HE BELIEVES EVIDENCE SUFFICIENT TO BRING CHARGES AGAINST  
COD IN DUESSELDORF AS PARTICIPANT IN ATTEMPT TO DIVERT TELEX  
MEMORY UNIT TO THE USSR.

B. LORENZ CLAIMS NONINVOLVEMENT. ALTHOUGH SCHENK HAS  
CHAIN OF CIRCUMSTANTIAL EVIDENCE LINKING LORENZ TO THE DEAL, HE  
IS NOT YET CERTAIN WHETHER THIS CAN BE PROVED. SCHWAHN ROLE  
STILL UNCLEAR .

C. CUSTOMS INTENDS TO HOLD MEMORY UNIT INDEFINITELY.

2. NEW DEVELOPMENT IN CASE IS ARRIVAL ON THE SCENE OF MR. C.  
J.MC VEY, CHAIRMAN OF FAIRFIELD MEMORY INC., IRVINE, CALIFORNIA,  
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AND SEVERAL RELATED COMPANIES. HE WAS ACCOMPANIED BY HIS

FRANKFURT REPRESENTATIVE, WILLIAM A. CHERVENAK. MC VEY SAW SCHENK ON AUGUST 9 AND CAME TO CONGEN AUGUST 10. MC VEY STATES THAT SEIZED MEMORY UNIT BELONGS TO HIM, AS FIRST SHIPMENT OF OVER ONE MILLION DOLLARS DIRECT LEASING DEAL WITH SCHWAHN KG. HIS CONTRACTS WITH SCHWAHN COVER BUY-BACK AND LEASING. HIS REQUEST FOR RELEASE OF EQUIPMENT NOT ONLY REFUSED, BUT MC VEY'S CONTRACTS, DATED MARCH 22, WERE CONFISCATED BY CUSTOMS AS IMPORTANT EVIDENCE. LATER IN CONVERSATION MC VEY SAID HE IS ONLY 99 PER CENT SURE SEIZED UNIT IS THE ONE HE BOUGHT BACK FOR LEASE TO SCHWAN, BECAUSE HE COULD NOT YET COMPARE SERIAL NUMBERS.

3. A MAJOR PURPOSE OF MC VEY 'S VISIT TO CONGEN WAS TO RECORD HIS IRE AT QUOTE GESTAPO- LIKE TREATMENT UNQUOTE HE RECEIVED FROM GERMAN AUTHORITIES. AFTER APPEARING VOLUNTARILY AS SOON AS HE HEARD THE PROBLEM, MC VEY SAID HE WAS ORDERED , NOT ASKED. TO PRODUCE DOCUMENTS AND HIS BRIEFCASE WAS ALSO SEARCHED. HE IMPLIED FRIENDS IN CONGRESS WILL HEAR ABOUT THIS, BUT DID NOT ASK ANYTHING OF CONGEN. SCHENK SUSPECTS MC VEY CONTRACTS DID NOT EXIST UNTIL AFTER CUSTOM SEIZURE, AND MC VEY BELIEVES HIS FRANK ACKNOWLEDGMENT OF KNOWING LORENZ CONTRIBUTED TO PEREMPTORY TREATMENT.

4. MC VEY SEEMED LESS THAN ANGRY AT HERR SCHWAHN FOR WHATEVER DOUBLE-DEALING MAY HAVE TRANSPIRED, BUT SAID HE WOULD SEE SCHWAHN AFTER OUR DISCUSSION. AS SHEER COINCIDENCE WE KNOW THAT MC VEY AND CHERVENAK HAD LUNCH WITH BOTH SCHWAHN AND LORENZ, BUT THEY DID NOT CALL BACK TO REPORT ANY CLARIFICATION OR NEW INFORMATION. IT IS POSSIBLE, HOWEVER, THAT MC VEY WILL CALL ON OEC ON RETURN TO THE U.S.

5. COPIES OF THE SCHWAHN AND FAIRFIELD BUY-BACK AND LEASING CONTRACTS WILL BE POUCHED TO OEC ON AUGUST 15. RUCHTI

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